

## Lafarge and Shui On form Joint Venture in China to create the new cement leader in South West Region

**Hong Kong, Paris, August 11, 2005** - Lafarge, the world leader in building materials, and Shui On Construction And Materials Limited (SOCAM), the leading cement producer in South West China, today announced a joint venture partnership to merge their cement operations in China. The strategic alliance will establish the new cement leader in the South West Region, one of the largest and fastest growing areas in the Chinese Mainland.

The joint venture, to be named Lafarge Shui On Cement, will be 55% owned by Lafarge and 45% owned by SOCAM.

Lafarge Shui On Cement will combine Lafarge's cement operations in the Chinese Mainland, located in Sichuan, Chongqing and Beijing, with SOCAM's cement operations in Chongqing and Sichuan, its larger plants in Guizhou, and the prospective acquisition of several important plants in Yunnan, which is awaiting approval from the Central Government authorities. The total capacity of the joint venture will be 17.4 million tonnes per annum by the end of 2005 including Yunnan.

The South West Region in China has a high growth potential with a population of more than 200 million people, a rapid pace of development and extensive infrastructure development plans. Currently, China accounts for about 45% of the world's cement consumption, with an estimated market of 900 million tonnes in 2004.

"Our strategy is in line with the government's extensive expansion plans for the South West Region, under its 'Go West' policy," said Mr. Vincent H.S. Lo, Chairman of SOCAM. "There is enormous growth potential in this market, and we will leverage our complementary strengths to seize these opportunities and work towards becoming a leading cement manufacturer in the Chinese Mainland."

As the largest cement producer in the South West Region - and one of the top three players in all of China - the joint venture is well-positioned to further enhance its leadership and expansion in the region by bringing together the world-class technical expertise of Lafarge and the extensive experience and established reputation of SOCAM in the Chinese Mainland.

"This partnership agreement with Shui On is a major milestone in our development in China," said Mr. Bernard Kasriel, Chief Executive Officer of Lafarge. "We are pleased to join forces with SOCAM. After ten years of presence in the Chinese Mainland, we have built the knowledge and the resources that drive us to move a step ahead, in order to benefit from market growth opportunities and to extend our leading positions in several provinces. I am confident that our management team will bring to the newly formed company the required expertise to create value and meet our international environmental standards."

Chaired by Mr Vincent H.S. Lo, Lafarge Shui On Cement's board of directors will comprise an equal number of representatives appointed by Lafarge and SOCAM.

Lafarge will appoint the Chief Executive Officer and lead the management of the joint venture.

It is expected that the deal will close following SOCAM's special general meeting planned in October 2005.

### Notes to Editors

#### **About Lafarge**

Lafarge, the world leader in building materials, holds top-ranking positions in all four of its Divisions: Cement, Aggregates & Concrete, Roofing and Gypsum. Lafarge employs 77,000 people in 75 countries and posted sales of ?14.4 billion in 2004. More information is available on: [www.lafarge.com](http://www.lafarge.com)

#### **About SOCAM**

SOCAM, a member of the Shui On Group, was listed on the Hong Kong Stock Exchange in 1997 and is engaged in construction and construction materials in Hong Kong and the Chinese Mainland. The company also has an interest of more than 20% in Shui On Land Limited. Further information can be found at [www.shuion.com](http://www.shuion.com)

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